

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC EXAMINATION BY THE PUBLIC)
SERVICE COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISMS OF KENTUCKY)
UTILITIES COMPANY FOR THE SIX-MONTH)
BILLING PERIOD ENDING OCTOBER 31, 2017)

CASE NO. 2018-00051

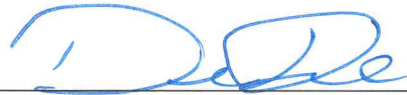
AMENDED TESTIMONY OF
DEREK A. RAHN
MANAGER, REVENUE REQUIREMENT COS
LG&E AND KU SERVICES COMPANY

Filed: April 20, 2018

VERIFICATION

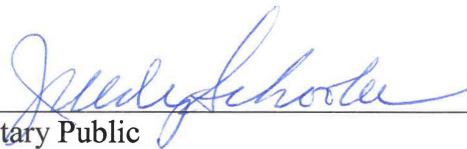
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JEFFERSON)

The undersigned, **Derek A. Rahn**, being duly sworn, deposes and says that he is Manager - Revenue Requirement COS for LG&E and KU Services Company, and that he has personal knowledge of the matters set forth in the foregoing testimony, and that the answers contained therein are true and correct to the best of his information, knowledge and belief.



Derek A. Rahn

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 20th day of April 2018.



Notary Public (SEAL)

My Commission Expires:
JUDY SCHOOLER
Notary Public, State at Large, KY
My commission expires July 11, 2018
Notary ID # 512743

1 **Q. Please state your name, title, and business address.**

2 A. My name is Derek A. Rahn. I am the Manager, Revenue Requirement COS for Kentucky
3 Utilities Company (“KU” or “Company”) and Louisville Gas and Electric Company
4 (“LG&E”) and an employee of LG&E and KU Services Company, which provides
5 services to LG&E and KU (collectively “Companies”). My business address is 220 West
6 Main Street, Louisville, Kentucky, 40202.

7 **Q. Have you previously filed testimony in this proceeding?**

8 A. Yes. I submitted Direct Testimony on March 14, 2018.

9 **Q. What is the purpose of your Amended Testimony and data responses?**

10 A. The purpose of my testimony is to present corrected information to my previously filed
11 testimony, as well as corrected responses and attachments to Question No. 1, Question
12 No. 2, Question No. 3, Question No. 5, and Question No. 6. As noted in the response
13 to Question No. 6, there is no impact to the average residential bill that was previously
14 presented in the Company's data responses.

15 **Q. What created the need to amend these responses?**

16 A. It has come to my attention that the attachment to Question No. 3, which provided the
17 calculations for deferred tax balances submitted in the monthly filings for the six
18 months under review, contained incorrect balances for July and August 2017. The
19 calculations for these two months did not include the depreciation changes approved in
20 the last rate case which were effective July 2017.¹

¹ *In the Matter of:* Electronic Application of Kentucky Utilities Company for an Adjustment of its Electric Rates and for Certificates of Public Convenience and Necessity, Case No. 2016-00370, Order dated June 22, 2017.

1 **Q. Are any other responses affected by this corrected information?**

2 A. Yes. Since deferred tax balances are subtracted from rate base, the Company is
3 updating the rate base amounts, the revised rate of return, the Retail E(m), and the
4 over/under recovery in the attachments to Questions No. 1, 2, 5, and 6.

5 **Q. Are there corrections to information provided in the monthly filings during the**
6 **billing period under review?**

7 A. Yes. The corrected monthly ECR mechanism filings for the expense months July and
8 August of 2017 are reflected in Exhibit DAR-2 of this Amended Testimony.

9 **Q. As a result of these corrections for the billing period under review, is an adjustment**
10 **to the revenue requirement necessary?**

11 A. Yes. KU experienced an over-recovery of \$341,879 (rather than \$346,028) for the billing
12 period ending October 31, 2017. KU's amended response to Question No. 2 of the
13 Commission Staff's Request for Information shows the calculation of the over-recovery.
14 An adjustment to the revenue requirement is necessary to reconcile the collection of past
15 surcharge revenues with actual costs for the billing period under review.

16 **Q. What kind of adjustment is KU proposing in this case as a result of the operation of**
17 **the environmental surcharge during the billing period?**

18 A. KU is proposing that the over-recovery be distributed in one month following the
19 Commission's Order in this proceeding. Specifically, KU recommends the Commission
20 approve a decrease to the Environmental Surcharge Revenue Requirement of \$341,879
21 for one month, to occur in the second full billing month following the Commission's
22 Order in this proceeding. This method is consistent with the method of implementing

1 previous over- or under- recovery positions in prior ECR review cases.

2 **Q. What is the bill impact on a residential customer for the proposed distribution of the**
3 **over-recovery?**

4 A. As noted above and as reflected in my original testimony in this proceeding, the inclusion
5 of the distribution reflecting the over-recovery position in the determination of the ECR
6 billing factor will decrease the billing factor by approximately 0.28% for one month. For
7 a residential customer using an average of 1,048 kWh per month, the impact of the
8 adjusted ECR billing factor would be a decrease of approximately \$0.29 for one month.

9 **Q. What is your recommendation to the Commission in this case with this Amended**
10 **Testimony?**

11 A. KU makes the following recommendations to the Commission in this case:

12 a) The Commission accepts the corrections in July and August Expense Months on
13 ES Forms 1.00, 1.10, 2.00, and 2.10 as reflected in Exhibit DAR-2 of this
14 Amended Testimony;

15 b) The Commission should approve the proposed decrease to the Environmental
16 Surcharge Revenue Requirement of \$341,879 for one month to occur in the
17 second full billing month following the Commission's Order in this proceeding;

18 c) The Commission should determine the environmental surcharge amount for the
19 six-month billing period ending October 31, 2017 to be just and reasonable;

20 d) The Commission should approve the use of an overall rate of return on capital of
21 8.90% for all projects, using a return on equity of 9.70%, beginning in the second
22 full billing month following the Commission's Order in this proceeding, and as

1 originally filed on March 14, 2018;

2 e) The Commission should approve the proposed ES Forms as reflected in Exhibit

3 DAR-1, as originally filed March 14, 2018

4 **Q. Does this conclude your Amended Testimony?**

5 A. Yes.

ES FORM 1.00

KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Net Jurisdictional E(m) and
Jurisdictional Environmental Surcharge Billing Factor
For the Expense Month of July 2017

GROUP 1 (Total Revenue)

Group 1 E(m) -- ES Form 1.10, line 16	=	\$ 1,337,696
Group 1 ES Billing Factor -- ES Form 1.10, line 18	=	2.67%

GROUP 2 (Net Revenue)

Group 2 E(m) -- ES Form 1.10, line 16	=	\$ 1,957,122
Group 2 ES Billing Factor -- ES Form 1.10, line 18	=	4.00%

Effective Date for Billing: September billing cycle beginning August 30, 2017

Submitted by: _____

Title: Manager, Revenue Requirement

Date Submitted: August 18, 2017

**KENTUCKY UTILITIES COMPANY
ENVIRONMENTAL SURCHARGE REPORT**

**Calculation of Total E(m) and
Jurisdictional Surcharge Billing Factor**

For the Expense Month of July 2017

Calculation of Total E(m)

$E(m) = [(RB / 12) (ROR + (ROR - DR)(TR / (1 - TR)))] + OE - BAS + BR$, where
 RB = Environmental Compliance Rate Base
 ROR = Rate of Return on the Environmental Compliance Rate Base
 DR = Debt Rate (both short-term and long-term debt)
 TR = Composite Federal & State Income Tax Rate
 OE = Pollution Control Operating Expenses
 BAS = Total Proceeds from By-Product and Allowance Sales
 BR = Beneficial Reuse Operating Expenses

	Pre-2016 Environmental Compliance Plans	2016 Environmental Compliance Plans
(1) RB	= \$ 1,050,361,053	\$ 20,177,730
(2) RB / 12	= \$ 87,530,088	\$ 1,681,478
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	= 10.35%	10.35%
(4) OE	= \$ 5,086,595	\$ 70,991
(5) BAS	= \$ -	Not Applicable
(6) BR	= \$ (3,423)	Not Applicable
(7) E(m) $(2) \times (3) + (4) - (5) + (6)$	= \$ 14,142,536	\$ 245,024
(8) Total E(m) = sum of Pre-2016 E(m) + 2016 E(m)	= \$ 14,387,560	

Calculation of Adjusted Net Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	88.78%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	=	\$ 12,773,276
(11) Adjustment for (Over)/Under-collection pursuant to Case No. 2016-00437	=	\$ -
(12) Prior Period Adjustment (if necessary)	=	\$ -
(13) Revenue Collected through Base Rates	=	\$ 9,478,458
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=	\$ 3,294,818

Calculation of Group Environmental Surcharge Billing Factors

	<u>GROUP 1 (Total Revenue)</u>	<u>GROUP 2 (Net Revenue)</u>
(15) Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	= 40.60%	59.40%
(16) Group E(m) [(14) x (15)]	= \$ 1,337,696	\$ 1,957,122
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$ 50,068,011	\$ 48,977,102
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	= 2.67%	4.00%

KENTUCKY UTILITIES COMPANY
ENVIRONMENTAL SURCHARGE REPORT
Revenue Requirements of Environmental Compliance Costs
For the Expense Month of July 2017

Determination of Environmental Compliance Rate Base

	Pre-2016 Environmental Compliance Plan	2016 Environmental Compliance Plan
Eligible Pollution Control Plant	\$ 1,297,895,871	\$ 3,122,112
Eligible Pollution CWIP Excluding AFUDC	101,095,470	8,173,282
Subtotal	\$ 1,398,991,341	\$ 11,295,394
Additions:		
Inventory - Emission Allowances per ES Form 2.31, 2.32, 2.33 and 2.34	\$ 133,070	
Less: Allowance Inventory Baseline	-	
Net Emission Allowance Inventory	133,070	
Cash Working Capital Allowance	3,244,894	-
Net Unamortized Closure Cost Balance - Active Stations ¹		\$ 7,939,238
Net Unamortized Closure Cost Balance - Retired Stations ¹		1,249,889
Subtotal	\$ 3,377,964	\$ 9,189,127
Deductions:		
Accumulated Depreciation on Eligible Pollution Control Plant	\$ 73,266,242	\$ 26,618
Pollution Control Deferred Income Taxes	278,742,010	280,173
Pollution Control Deferred Investment Tax Credit	-	-
Subtotal	\$ 352,008,252	\$ 306,791
Environmental Compliance Rate Base	\$ 1,050,361,053	\$ 20,177,730

Determination of Pollution Control Operating Expenses

	Pre-2016 Environmental Compliance Plan	2016 Environmental Compliance Plan
Monthly Operations & Maintenance Expense	\$ 2,280,620	\$ -
Monthly Depreciation & Amortization Expense	2,647,682	6,189
Monthly Taxes Other Than Income Taxes - Eligible Plant	157,991	409
Monthly Taxes Other Than Income Taxes - Closure Costs		-
Amortization of Monthly Closure Costs - Active Stations		45,275
Amortization of Monthly Closure Costs - Retired Stations		19,118
Monthly Emission Allowance Expense from ES Form 2.31, 2.32, 2.33 and 2.34	302	
Add KU Current Month TC2 Emission Allowance Expense reported on ES Form 2.31, 2.32, 2.33 and 2.34	-	
Less Monthly Emission Allowance Expense in base rates	-	
Net Recoverable Emission Allowance Expense	302	
Monthly Surcharge Consultant Fee	-	-
Construction Monitoring Consultant Fee	-	-
Total Pollution Control Operations Expense	\$ 5,086,595	\$ 70,991

Determination of Beneficial Reuse Operating Expenses

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 24,744
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(28,167)
Net Beneficial Reuse Operations Expense	\$ (3,423)

Proceeds From By-Product and Allowance Sales

	Total Proceeds	Amount in Base Rates	Net Proceeds
	(1)	(2)	(1) - (2)
Allowance Sales	\$ -	\$ -	\$ -
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ -	\$ -	\$ -

Note 1: The net unamortized closure cost balance is comprised of CCR closure cost expenditures less accumulated amortization, accumulated deferred income taxes and amount in base rates.

KENTUCKY UTILITIES COMPANY
ENVIRONMENTAL SURCHARGE REPORT
Plant, CWIP & Depreciation Expense

For the Month Ended: July 31, 2017

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Description	Eligible Plant In Service	Eligible Accumulated Depreciation	CWIP Amount Excluding AFUDC	Eligible Net Plant In Service	Unamortized ITC as of 7/31/2017	Deferred Tax Balance as of 7/31/2017	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
2009 Plan:								
Project 28 - Brown 3 SCR	\$ 100,046,293	\$ 10,411,958	\$ -	\$ 89,634,335	\$ -	\$ 27,102,247	\$ 220,936	\$ 11,255
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ 19,347,703	\$ 1,875,353	\$ -	\$ 17,472,350	\$ -	\$ 5,408,947	\$ 42,693	\$ 2,218
Project 30 - Ghent CCP Storage (Landfill- Phase I)	\$ 328,375,527	\$ 20,959,623	\$ 20,416,806	\$ 327,832,710	\$ -	\$ 65,038,064	\$ 688,621	\$ 41,142
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,031,671	\$ 1,090,481	\$ -	\$ 7,941,190	\$ -	\$ 903,935	\$ 8,705	\$ 1,006
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ 3,760,136	\$ 187,456	\$ 62,670,634	\$ 66,243,314	\$ -	\$ 704,708	\$ 7,390	\$ 449
Project 33 - Beneficial Reuse	\$ 4,193,823	\$ 409,862	\$ -	\$ 3,783,961	\$ -	\$ 870,482	\$ 8,033	\$ 479
Subtotal	\$ 464,755,153	\$ 34,934,733	\$ 83,087,440	\$ 512,907,859	\$ -	\$ 100,028,383	\$ 976,378	\$ 56,548
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Total - 2009 Plan:	\$ 464,755,153	\$ 34,934,733	\$ 83,087,440	\$ 512,907,859	\$ -	\$ 100,028,383	\$ 976,378	\$ 56,548
2011 Plan:								
Project 29 - Brown Landfill (Phase I)	\$ 107,003,604	\$ 2,188,490	\$ 12,701,381	\$ 117,516,495	\$ -	\$ 20,647,933	\$ 228,543	\$ 13,274
Project 34 - E.W. Brown Station Air Compliance	\$ 84,655,448	\$ 3,349,980	\$ -	\$ 81,305,468	\$ -	\$ 18,723,017	\$ 189,788	\$ 10,747
Project 35 - Ghent Station Air Compliance	\$ 641,481,666	\$ 32,793,040	\$ 5,306,648	\$ 613,995,275	\$ -	\$ 139,342,676	\$ 1,252,973	\$ 77,421
Subtotal	\$ 833,140,718	\$ 38,331,509	\$ 18,008,030	\$ 812,817,238	\$ -	\$ 178,713,626	\$ 1,671,304	\$ 101,443
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Total - 2011 Plan:	\$ 833,140,718	\$ 38,331,509	\$ 18,008,030	\$ 812,817,238	\$ -	\$ 178,713,626	\$ 1,671,304	\$ 101,443
2016 Plan:								
Project 36 - Brown Landfill (Phase II)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Project 37 - Ghent 2 WFGD Improvements	\$ 2,772,037	\$ 22,557	\$ 301,532	\$ 3,051,012	\$ -	\$ 244,427	\$ 5,498	\$ 319
Project 38 - Supplemental Mercury Control	\$ -	\$ -	\$ 1,070,522	\$ 1,070,522	\$ -	\$ -	\$ -	\$ 46
Project 40 - Ghent New Process Water Systems	\$ -	\$ -	\$ 1,484,828	\$ 1,484,828	\$ -	\$ -	\$ -	\$ 0
Project 41 - Trimble County New Process Water Systems	\$ 350,074	\$ 4,061	\$ 5,024,134	\$ 5,370,148	\$ -	\$ 35,746	\$ 691	\$ 44
Project 42 - Brown New Process Water Systems	\$ -	\$ -	\$ 292,265	\$ 292,265	\$ -	\$ -	\$ -	\$ 0
Subtotal	\$ 3,122,112	\$ 26,618	\$ 8,173,282	\$ 11,268,775	\$ -	\$ 280,173	\$ 6,189	\$ 409
Less Retirements and Replacement resulting from implementation of 2016 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Total - 2016 Plan:	\$ 3,122,112	\$ 26,618	\$ 8,173,282	\$ 11,268,775	\$ -	\$ 280,173	\$ 6,189	\$ 409
Net Total - All Plans:	\$ 1,301,017,982	\$ 73,292,861	\$ 109,268,751	\$ 1,336,993,873	\$ -	\$ 279,022,183	\$ 2,653,871	\$ 158,400

Note 1: Trimble County projects for the 2009 Plan are proportionately shared by KU at 48% and LG&E at 52%

Note 2: Project 29 as approved in the 2009 ECR Plan recovers costs associated with the Brown Aux Pond (Phase II). In the 2011 Plan, Project 29 was amended to recover costs associated with the conversion of the Brown Main Ash Pond to the Brown Landfill (Phase I)

ES FORM 1.00

KENTUCKY UTILITIES COMPANY ENVIRONMENTAL SURCHARGE REPORT

Net Jurisdictional E(m) and
Jurisdictional Environmental Surcharge Billing Factor
For the Expense Month of August 2017

GROUP 1 (Total Revenue)

Group 1 E(m) -- ES Form 1.10, line 16 = \$ 1,207,688

Group 1 ES Billing Factor -- ES Form 1.10, line 18 = 2.43%

GROUP 2 (Net Revenue)

Group 2 E(m) -- ES Form 1.10, line 16 = \$ 1,789,801

Group 2 ES Billing Factor -- ES Form 1.10, line 18 = 3.63%

Effective Date for Billing: September billing cycle beginning September 29, 2017

Submitted by: _____

Title: Manager, Revenue Requirement

Date Submitted: September 19, 2017

**KENTUCKY UTILITIES COMPANY
ENVIRONMENTAL SURCHARGE REPORT**

**Calculation of Total E(m) and
Jurisdictional Surcharge Billing Factor**

For the Expense Month of August 2017

Calculation of Total E(m)

$E(m) = [(RB / 12) (ROR + (ROR - DR)(TR / (1 - TR)))] + OE - BAS + BR$, where
 RB = Environmental Compliance Rate Base
 ROR = Rate of Return on the Environmental Compliance Rate Base
 DR = Debt Rate (both short-term and long-term debt)
 TR = Composite Federal & State Income Tax Rate
 OE = Pollution Control Operating Expenses
 BAS = Total Proceeds from By-Product and Allowance Sales
 BR = Beneficial Reuse Operating Expenses

	Pre-2016 Environmental Compliance Plans	2016 Environmental Compliance Plans
(1) RB	= \$ 1,049,324,598	\$ 28,249,859
(2) RB / 12	= \$ 87,443,717	\$ 2,354,155
(3) $(ROR + (ROR - DR) (TR / (1 - TR)))$	= 10.35%	10.35%
(4) OE	= \$ 5,066,609	\$ 76,438
(5) BAS	= \$ -	Not Applicable
(6) BR	= \$ 4,241	Not Applicable
(7) E(m) $(2) \times (3) + (4) - (5) + (6)$	= \$ 14,121,275	\$ 320,094
(8) Total E(m) = sum of Pre-2016 E(m) + 2016 E(m)	= \$ 14,441,369	

Calculation of Adjusted Net Jurisdictional E(m)

(9) Jurisdictional Allocation Ratio for Expense Month -- ES Form 3.10	=	88.87%
(10) Jurisdictional E(m) = Total E(m) x Jurisdictional Allocation Ratio [(8) x (9)]	=	\$ 12,834,045
(11) Adjustment for (Over)/Under-collection pursuant to Case No. 2016-00437	=	\$ -
(12) Prior Period Adjustment (if necessary)	=	\$ -
(13) Revenue Collected through Base Rates	=	\$ 9,836,556
(14) Adjusted Net Jurisdictional E(m) [(10) + (11) + (12) - (13)]	=	\$ 2,997,489

Calculation of Group Environmental Surcharge Billing Factors

	<u>GROUP 1 (Total Revenue)</u>	<u>GROUP 2 (Net Revenue)</u>
(15) Revenue as a Percentage of 12-month Total Revenue ending with the Current Month -- ES Form 3.00	= 40.29%	59.71%
(16) Group E(m) [(14) x (15)]	= \$ 1,207,688	\$ 1,789,801
(17) Group R(m) = Average Monthly Group Revenue for the 12 Months Ending with the Current Expense Month -- ES Form 3.00	= \$ 49,659,379	\$ 49,261,047
(18) Group Environmental Surcharge Billing Factors [(16) ÷ (17)]	= 2.43%	3.63%

KENTUCKY UTILITIES COMPANY
ENVIRONMENTAL SURCHARGE REPORT
Revenue Requirements of Environmental Compliance Costs
For the Expense Month of August 2017

Determination of Environmental Compliance Rate Base

	Pre-2016 Environmental Compliance Plan		2016 Environmental Compliance Plan	
Eligible Pollution Control Plant	\$	1,296,708,457	\$	3,122,112
Eligible Pollution CWIP Excluding AFUDC		105,072,115		15,522,186
Subtotal		\$ 1,401,780,572		\$ 18,644,298
Additions:				
Inventory - Emission Allowances per ES Form 2.31, 2.32, 2.33 and 2.34	\$	132,782		
Less: Allowance Inventory Baseline		-		
Net Emission Allowance Inventory		132,782		
Cash Working Capital Allowance		3,221,457		-
Net Unamortized Closure Cost Balance - Active Stations ¹			\$	8,657,896
Net Unamortized Closure Cost Balance - Retired Stations ¹				1,314,418
Subtotal		\$ 3,354,239		\$ 9,972,314
Deductions:				
Accumulated Depreciation on Eligible Pollution Control Plant	\$	75,865,600	\$	32,808
Pollution Control Deferred Income Taxes		279,944,613		333,945
Pollution Control Deferred Investment Tax Credit		-		-
Subtotal		\$ 355,810,213		\$ 366,753
Environmental Compliance Rate Base		\$ 1,049,324,598		\$ 28,249,859

Determination of Pollution Control Operating Expenses

	Pre-2016 Environmental Compliance Plan		2016 Environmental Compliance Plan	
Monthly Operations & Maintenance Expense		\$ 2,269,269		\$ -
Monthly Depreciation & Amortization Expense		2,639,205		6,189
Monthly Taxes Other Than Income Taxes - Eligible Plant		157,848		409
Monthly Taxes Other Than Income Taxes - Closure Costs				-
Amortization of Monthly Closure Costs - Active Stations				49,546
Amortization of Monthly Closure Costs - Retired Stations				20,295
Monthly Emission Allowance Expense from ES Form 2.31, 2.32, 2.33 and 2.34		287		
Add KU Current Month TC2 Emission Allowance Expense reported on ES Form 2.31, 2.32, 2.33 and 2.34		-		
Less Monthly Emission Allowance Expense in base rates		-		
Net Recoverable Emission Allowance Expense		287		
Monthly Surcharge Consultant Fee		-		-
Construction Monitoring Consultant Fee		-		-
Total Pollution Control Operations Expense		\$ 5,066,609		\$ 76,438

Determination of Beneficial Reuse Operating Expenses

	Environmental Compliance Plan
Total Monthly Beneficial Reuse Expense	\$ 33,608
Adjustment for Beneficial Reuse in Base Rates (from ES Form 2.61)	(29,367)
Net Beneficial Reuse Operations Expense	\$ 4,241

Proceeds From By-Product and Allowance Sales

	Total Proceeds	Amount in Base Rates	Net Proceeds
	(1)	(2)	(1) - (2)
Allowance Sales	\$ -	\$ -	\$ -
Scrubber By-Products Sales	-	-	-
Total Proceeds from Sales	\$ -	\$ -	\$ -

Note 1: The net unamortized closure cost balance is comprised of CCR closure cost expenditures less accumulated amortization, accumulated deferred income taxes and amount in base rates.

KENTUCKY UTILITIES COMPANY
ENVIRONMENTAL SURCHARGE REPORT
Plant, CWIP & Depreciation Expense

For the Month Ended: August 31, 2017

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Description	Eligible Plant In Service	Eligible Accumulated Depreciation	CWIP Amount Excluding AFUDC	Eligible Net Plant In Service	Unamortized ITC as of 8/31/2017	Deferred Tax Balance as of 8/31/2017	Monthly Depreciation Expense	Monthly Property Tax Expense
				(2)-(3)+(4)				
2009 Plan:								
Project 28 - Brown 3 SCR	\$ 100,046,293	\$ 10,632,894	\$ 2,777	\$ 89,416,176	\$ -	\$ 27,280,410	\$ 220,936	\$ 11,255
Project 29 - ATB Expansion at E.W. Brown Station (Phase II)	\$ 19,347,703	\$ 1,918,046	\$ -	\$ 17,429,657	\$ -	\$ 5,441,327	\$ 42,693	\$ 2,218
Project 30 - Ghent CCP Storage (Landfill- Phase I)	\$ 328,375,527	\$ 21,648,244	\$ 20,510,852	\$ 327,238,135	\$ -	\$ 65,241,905	\$ 688,621	\$ 41,142
Project 31 - Trimble County Ash Treatment Basin (BAP/GSP)	\$ 9,031,671	\$ 1,099,186	\$ -	\$ 7,932,485	\$ -	\$ 914,831	\$ 8,705	\$ 1,006
Project 32 - Trimble County CCP Storage (Landfill - Phase I)	\$ 3,760,136	\$ 194,846	\$ 66,479,861	\$ 70,045,151	\$ -	\$ 706,311	\$ 7,390	\$ 449
Project 33 - Beneficial Reuse	\$ 4,193,823	\$ 417,896	\$ -	\$ 3,775,927	\$ -	\$ 871,288	\$ 8,033	\$ 479
Subtotal	\$ 464,755,153	\$ 35,911,111	\$ 86,993,489	\$ 515,837,531	\$ -	\$ 100,456,072	\$ 976,378	\$ 56,548
Less Retirements and Replacement resulting from implementation of 2009 Plan	\$ (1,187,413)	\$ (41,159)	\$ -	\$ (1,146,255)	\$ -	\$ (236,626)	\$ (1,311)	\$ (143)
Net Total - 2009 Plan:	\$ 463,567,739	\$ 35,869,953	\$ 86,993,489	\$ 514,691,276	\$ -	\$ 100,219,445	\$ 975,067	\$ 56,405
2011 Plan:								
Project 29 - Brown Landfill (Phase I)	\$ 107,003,604	\$ 2,412,707	\$ 12,746,690	\$ 117,337,587	\$ -	\$ 20,707,784	\$ 224,217	\$ 13,274
Project 34 - E.W. Brown Station Air Compliance	\$ 84,655,448	\$ 3,536,927	\$ -	\$ 81,118,520	\$ -	\$ 18,796,598	\$ 186,947	\$ 10,747
Project 35 - Ghent Station Air Compliance	\$ 641,481,666	\$ 34,046,013	\$ 5,331,936	\$ 612,767,589	\$ -	\$ 140,220,785	\$ 1,252,973	\$ 77,421
Subtotal	\$ 833,140,718	\$ 39,995,647	\$ 18,078,625	\$ 811,223,696	\$ -	\$ 179,725,167	\$ 1,664,138	\$ 101,443
Less Retirements and Replacement resulting from implementation of 2011 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Total - 2011 Plan:	\$ 833,140,718	\$ 39,995,647	\$ 18,078,625	\$ 811,223,696	\$ -	\$ 179,725,167	\$ 1,664,138	\$ 101,443
2016 Plan:								
Project 36 - Brown Landfill (Phase II)	\$ -	\$ -	\$ 24,067	\$ 24,067	\$ -	\$ -	\$ -	\$ -
Project 37 - Ghent 2 WFGD Improvements	\$ 2,772,037	\$ 28,055	\$ 305,156	\$ 3,049,138	\$ -	\$ 293,119	\$ 5,498	\$ 319
Project 38 - Supplemental Mercury Control	\$ -	\$ -	\$ 1,093,910	\$ 1,093,910	\$ -	\$ -	\$ -	\$ 46
Project 40 - Ghent New Process Water Systems	\$ -	\$ -	\$ 6,681,071	\$ 6,681,071	\$ -	\$ -	\$ -	\$ 0
Project 41 - Trimble County New Process Water Systems	\$ 350,074	\$ 4,752	\$ 7,097,344	\$ 7,442,666	\$ -	\$ 40,827	\$ 691	\$ 44
Project 42 - Brown New Process Water Systems	\$ -	\$ -	\$ 320,638	\$ 320,638	\$ -	\$ -	\$ -	\$ 0
Subtotal	\$ 3,122,112	\$ 32,808	\$ 15,522,186	\$ 18,611,490	\$ -	\$ 333,945	\$ 6,189	\$ 409
Less Retirements and Replacement resulting from implementation of 2016 Plan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Total - 2016 Plan:	\$ 3,122,112	\$ 32,808	\$ 15,522,186	\$ 18,611,490	\$ -	\$ 333,945	\$ 6,189	\$ 409
Net Total - All Plans:	\$ 1,299,830,569	\$ 75,898,407	\$ 120,594,301	\$ 1,344,526,463	\$ -	\$ 280,278,558	\$ 2,645,394	\$ 158,257

Note 1: Trimble County projects for the 2009 Plan are proportionately shared by KU at 48% and LG&E at 52%

Note 2: Project 29 as approved in the 2009 ECR Plan recovers costs associated with the Brown Aux Pond (Phase II). In the 2011 Plan, Project 29 was amended to recover costs associated with the conversion of the Brown Main Ash Pond to the Brown Landfill (Phase I)